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Home Liquors

PARTNERS

Partnership In
Maximizing Category Profit

Retail Partner Programs

1995 Retail Merchandising

1995 Retail Co-Marketing

RJ Reynolds Tobacco Company

51850 2274

Source: https://www.industrydocuments.ucsf.edu/docs/hlcy0000

Retail Partners Program
Strategic Direction

RJR's Objectives are fully integrated with our Retail Trade Customers' needs.

RJR will work to do what is best for RJRT, our Retail Trade Partners, and our mutual consumers, versus simply following competition.

RJR fully understands and anticipates change in the retail environment to be on the leading edge of new strategies, services, programs and technology to meet or exceed expectations of our retail customers.

RJR is best positioned to serve as the "Category Advisor", supporting business partnerships which will drive consumer impact and responsiveness.

Reinforces RJR's approach of "Working For Smokers".

RJ Reynolds
WE WORK FOR SMOKERS

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Source: https://www.industrydocuments.ucsf.edu/docs/hlcy0000

[redacted] Retail Partners Program
Summary of Changes

Merchandising

Shift to performance based merchandising -- RJR volume.

Linkage to marketing objectives at retail -- 2 full price feature displays and 1 savings.

Increase quality of retail presence.

Co-Marketing

Co-Marketing Funds used offensively / defensively -- expanded universe.

Co-Marketing Funds -- Greater impact / Point of difference.

Co-Marketing Funds -- Linked to merchandising and RJR volume.

Program Management

Partnership approach to retail needs / priorities.

Field sales flexibility -- decentralized trade support.

Improved efficiencies and targeting for long-term growth.

RJ Reynolds Tobacco Company

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Source: https://www.industrydocuments.ucsf.edu/docs/hlcy0000

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1995 Merchandising Program - Pack Outlets

Program Comparison	
Old Program	**New Program**
Industry Volume based	**RJR Volume - Pay for performance**
Volume ranges - Broad - Capped near trade average	**Volume ranges** - Multiple - Competitive in high volume accounts
Base requirements - 1 Full Price display - 1 Savings display - Enhanced sign	**Base requirements** - 2 Full Price display - 1 Savings display
Minimal additional signage requirement	**Share of signage equal to RJR SOM**
Enhancement option - Payment flexibility	**Enhancement option - Payment flexibility**
Component (stand alone) option	**Component (stand alone) option - Payment flexibility**
Minimum Volume requirement - 76 Industry CPW	**Minimum Volume requirement** - 100 Industry CPW - 17 RJR CPW

RJ Reynolds Tobacco Company

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1995 Merchandising Program Requirements Pack Outlets

RJR Full Price Display in Primary Position

RJR Full Price Display is in a 2nd, 3rd, or 4th Full Price Position

RJR Savings Brand Display in a Primary Savings Position

Display RJR "Lowest" brands, if applicable

Provide RJR accurate volume information. Authorize primary and other suppliers to release brand style volume information to RJR.

Provide RJR share of available signage (excluding signage on fixtures / displays) equal to RJR share of market.

R J Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/hlcy0000

1995 Merchandising Program Requirements
Pack Outlets *(continued)*

Provide RJR share of space equal to RJR share of market on carton merchandisers, if applicable. Minimum acceptable space as determined by an RJR Representative.

Ensure RJR brands are represented in all price tiers as required.

Ensure adequate quantity of RJR brands are maintained to minimize out of stock, including brands designated for display.

Provide RJR equal opportunity to place temporary promotional displays and signage, as requested.

Accept new RJR brand styles as requested by RJR Representative.

RJR reserves the right for final approval of display / advertising sizes and locations.

R.J. Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/hlcy0000

1995 Merchandising Program - Carton Outlets

Program Comparison

Old Program	New Program
Payment based on size of merchandiser - Rows - Pack capacity	**RJR Volume - Pay for performance**
Volume ranges - Broad - Capped near trade average	**Volume ranges** - Multiple - Competitive in high volume accounts
Base requirements - Pack Merchandiser - Carton Merchandiser	**Base requirements** - Pack Merchandiser - Position of Cartons - Share of space equal to RJR SOM
Enhancement option - Payment flexibility	**Enhancement option - Payment flexibility**
Component (stand alone) option	**Component (stand alone) option - Payment flexibility**
Minimum Volume requirement - 225 Industry CPW	**Minimum Volume requirement** - 225 Industry CPW - 70 RJR CPW

RJ Reynolds Tobacco Company

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Source: https://www.industrydocuments.ucsf.edu/docs/hlcy0000

[redacted] 1995 Merchandising Program Requirements Carton Outlets

RJR Package Merchandiser(s) in Primary Position.

RJR brands on top shelves contiguous, meeting at least minimum space requirements.

Advertising located above RJR brand positions on merchandising fixtures.

R.J. Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/hlcy0000

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1995 Co-Marketing Promotion Accrual Program

Applies to both Pack and Carton Outlet Co-Marketers

Co-Marketing Partnership Definition	
Total Category Partner	Merchandising Partner
RJR Base Merchandising Elements	**RJR Base Merchandising Elements**
RJR Everyday Lowest Price in all applicable Price Tiers * (RJR may not be disadvantaged)	**No RJR EDLP in all applicable Price Tiers ***
Maximum per carton rate	**Lower per carton rate**
Premium Menu Option (RJR discretion)	**No Premium Menu Option**
Co-Marketing Base and Match options	**Co-Marketing Match option only**

*** EDLP determined on a non-promoted basis**

R J Reynolds Tobacco Company

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Source: https://www.industrydocuments.ucsf.edu/docs/hlcy0000

1995 Co-Marketing Promotion Accrual Program

Co-Marketing Program Changes

Program Comparison	
Old Program	New Program
Industry Volume Based	RJR Volume Based
Large volume categories	Small volume categories
EDLP Accounts Only	EDLP Accounts - Tot Category Partner Non-EDLP Accounts - Merch. Partner
Primarily Defensive Activity (Discounting)	Offensive & Defensive Activity Premium Menu - Total Category Partner
No carryover of unused funds	Funds carryover with RJR approval (not to subsequent years)
Same Rate applied to all participants	Rates differ on partnership level - Total Category Partner - Maximum rate - Merchandising Partner - Lower rate
No Mandated Match	Match required for Merchandising Partner
No Promotional Platform Requirement	Promotional Platform required for both Carton & Cigarette Outlets

RJ Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/hlcy0000

The Co-Existence Strategy

Exposure
It takes all kinds of cigarettes to make the category #1.

Selection
The majority of cigarette consumers don't buy the best selling brand.

Co-Existence is Best For the Retailer

Inventory
Inventory doesn't sell cigarettes. Displays sell inventory.

Promotions
The more you do for your customers, the more you do for your sales.

Don't Sell Yourself Short !

RJ Reynolds Tobacco Company

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Source: https://www.industrydocuments.ucsf.edu/docs/hlcy0000

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Store number	Industry cpw volume	RJR cpw volume
75	222	40
209	107	19
593	96	17
360	146	26
410	123	22
465	106	19
480	95	17
641	135	24
773	115	20
927	201	36
1277	178	32

18%

139

RJ Reynolds Tobacco Company

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Source: https://www.industrydocuments.ucsf.edu/docs/hlcy0000

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Proposal: self service non self service base plans

Elements:

- Two full price displays (16 facings each)
- One savings display (24 facings
- Retailler match co-marketing accrual fund

Store	S/S Base	Co-marketing Accrual Fund	Annual Payment
75	$150.00	$68.00	$2,616.00
209	$ 90.00	$40.00	$1,560.00
593	$ 90.00	$40.00	$1,560.00
360	$ 90.00	$40.00	$1,560.00

RJ Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/hlcy0000

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Store	S/S Base	Co-marketing Accrual Fund	Annual Payment
410	$ 90.00	$40.00	$1,560.00
465	$ 90.00	$40.00	$1,560.00
480	$ 90.00	$40.00	$1,560.00
641	$ 90.00	$40.00	$1,560.00
773	$ 90.00	$40.00	$1,560.00
927	$150.00	$68.00	$2,616.00
1277	$120.00	$56.00	$2,112..00
Totals	$1,140.00	$512.00	$19,824.00

RJ Reynolds Tobacco Company

51850 2287

Source: https://www.industrydocuments.ucsf.edu/docs/hlcy0000

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One Sheet Sign Payment:

Number Stores	Monthly Payments	Annual Payments
11	$330.00	$3,960.00

R J Reynolds Tobacco Company

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Source: https://www.industrydocuments.ucsf.edu/docs/hlcy0000

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Payment Summary:

	Monthly	Annual
Self Service Pack Base Plans:	$1,140.00	$13,680.00
Co-marketing Accrual:	$ 512.00	$ 6,144.00
One Sheet Signs:	$ 330.00	$ 3,960.00
Grand Total :	$ 1,982.00	$23,784.00

RJ Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/hlcy0000